

<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
CHAPTER IX: <b>FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
SECTION 13: <b>INCOME - EARNED</b>	

## **PURPOSE**

This manual section provides information on what is considered countable earned income and how to count it for eligibility purposes.

### **I. COUNTABLE EARNED INCOME**

- A. Always count income received by assistance unit members from working for others or for oneself when determining eligibility. Unless it is specifically excluded, countable earned income includes but is not limited to:
  1. Salaries
  2. Wages
  3. Self-employed income (includes income from roomers and boarders)
  4. Commissions
  5. Tips
  6. Armed Services Basic Allowance for Housing (BAH)
  7. Income received from income producing property (the amount charged by the TCA customer must be similar to the amount charged for comparable income producing property in the area where the property is located)
    - a. Refer to newspapers, realtors' listings or other community, county or city listings to determine if the amount charged for the income producing property is comparable to other property in the area
    - b. Count the gross income received as self employment and apply the self employment 50% disregard
  - h. Count earnings paid to individuals participating in on the job training (OJT) programs under Title 1 of the Workforce Investment Act of 1998, except:
    - a. Do not count OJT payments made to dependents under age 19
    - b. Do not count any other WIA needs based payments for training related expenses such as:
      - Transportation,
      - Clothes and uniforms,
      - Child care.

<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
CHAPTER IX: <b>FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
SECTION 13: <b>INCOME - EARNED</b>	

B. Countable income must be verified

## **II. EXCLUDED EARNED INCOME**

A. The following earned income is not counted:

1. Earned income of a child
2. Earned income tax credit (EITC)
3. In-kind earnings (food, clothing, room, utilities, etc., in exchange for labor)
4. The National School Lunch Act
5. On-the-job training payments paid to dependents under the age of 19 funded under the Workforce Investment Act of 1998 (i.e. Job Corps)
6. The Disaster Relief Act of 1974
7. The Low income Home Energy Assistance Act of 1986
8. The Housing and Development Act of 1987
9. Payments made under the Housing and Community Development Act of 1992
10. Domestic Volunteer Services Act of 1973, Titles I and II
11. The Child Care and Development Block Grant Act
12. Public Law 103-286 (Payments made to these individuals because of their status as victims of Nazi persecution)
13. The Crime Act of 1984
14. The Civil Liberties Act of 1988 (Wartime Relocation of Civilians)
15. Agent Orange Compensation Exclusion Act of 1989
16. Radiation Exposure Compensation Act of 1990
17. The National and Community Service Trust Act of 1993
18. Cranston-Gonzales National Affordable Housing Act of 1990
19. Payments received under the Alaskan Native Claims Settlement Act
20. Earned income of an SSI recipient
21. Educational work study earnings of an undergraduate student

<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
CHAPTER IX: <b>FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
SECTION 13: <b>INCOME - EARNED</b>	

22. Payments to volunteers under Title II (RSVP, Foster Grandparents, Senior Companion Program and others) of the Domestic Volunteer Act of 1973, as amended.
23. Income from certain sub-marginal land that is held in trust to certain Indian Tribes (P.L. 94-114, Section 6)

**NOTE:** The undergraduate student's educational program should be included in the FIP Plan.

24. Needs based payments made to participants in Workforce Investment Act programs to cover:
  - Transportation
  - Clothes or uniforms
  - Child care
25. Other training allowances and expenses by active participants in an approved FIP activity
26. Payments made under the Senior Community Service Employment Program under Title V
27. National and Community Service Trust Act (NCSTA) organization payments made to participants in:
  - AmeriCorps\*USA
  - AmeriCorps\*VISTA
  - AmeriCorps\*NCCC
  - The Senior Corps
  - The Youth Corps
  - The Learn and Service
28. Payments made under the Workforce Investment Act of 1998 to dependent individuals under age 19.

B. Verify excluded earned income only when the source or the type is questionable.

**NOTE:** Participants in NCSTA receive payments covering repayment of student loans, transportation, child care, and other living expenses. These payments are not counted for the Temporary Cash Assistance program.

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL
CHAPTER IX: FINANCIAL ELIGIBILITY	COMAR 07.03.03.03
SECTION 13: INCOME - EARNED	

## EARNED INCOME CALCULATION – GROSS INCOME

Convert gross earned income into a monthly amount. Use 4 weeks of earned income in a month. **Drop the cents throughout the entire gross earned income calculation** when income is paid weekly, biweekly, semi-monthly, monthly or annually.

1. Multiply the weekly gross earned income (drop cents) by 4, or add 4 weeks of gross earned income
2. Multiply the biweekly gross earned income (drop cents) by 2, or add 2 biweekly gross earned incomes
3. Multiply the semi-monthly gross earned income (drop cents) by 2, divide the result by 4.3, and then multiply by 4
4. Divide the monthly gross earned income (drop cents) by 4.3, then multiply by 4
5. Divide the annual gross earned income by 52 (drop cents) and then multiply by 4

### EXAMPLES:

Example 1. \$175.25 weekly =  $\$175 \times 4 = \$700$  gross monthly earnings

Example 2. \$325.75 biweekly =  $\$325 \times 2 = \$650$  gross monthly earnings

Example 3. \$450.99 semi-monthly =  $\$450 \times 2 = \$900 \div 4.3 = \$209.30 = \$209 \times 4 = \$836$  gross monthly earnings

Example 4. \$840.50 gross monthly =  $\$840 \div 4.3 = \$195.35 = \$195 \times 4 = \$780$  gross monthly earnings

Example 5. \$10,000 gross annual earnings =  $\$10,000 \div 52 = \$192.30 = \$192 \times 4 = \$768$  gross monthly earnings

## EARNED INCOME CALCULATION – GROSS INCOME (EXCEPTIONS)

**A.** For employees who work sporadically or on call and are paid either by the hour or by the day, **retain cents when calculating the hourly or daily rate until you have a weekly amount and then drop the cents**

1. Seasonal employees are most often paid by the day, but there are times when they are paid by the hour
2. Private duty employees are usually paid by the day, but can also be paid hourly

<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
CHAPTER IX: <b>FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
SECTION 13: <b>INCOME - EARNED</b>	

- B. The earned income of school employees, who are salaried, is averaged for a 12 month period whether the employee is paid for 10 months or 12 months per year.
- C. For school employees who are paid hourly or daily, such as cafeteria workers or crossing guards, retain cents when calculating the hourly or daily rate until you have a weekly amount and then drop the cents - use income as received

### **EXAMPLES:**

Example 1. Dollars per hour times the number of hours worked in a week equals the gross earned weekly income. The gross earned weekly income times 4 equals the gross earned monthly income.

$\$5.38 \text{ an hour} \times 21 \text{ hours a week} = \$112.98 = \$112 \text{ gross earned weekly income}$   
 $\text{income} \times 4 = \$448.00 \text{ gross earned monthly income}$

Example 2. Dollars a day times the number of days worked in a week equals the gross earned weekly income. The gross earned weekly income times 4 equals the gross earned monthly income.

$\$40.16 \text{ a day} \times 4 \text{ days a week} = \$160.64 = \$160 \text{ gross earned weekly income}$   
 $\text{income} \times 4 = \$640.00 \text{ gross earned monthly income.}$

Example 3. An assistance unit member works on call 1 or 2 days a week, is paid \$30.34 per day and is paid monthly. She worked 1 day the first week, 2 days the second week, 3 days the third week, and 1 day the fourth week.

- Total each week's gross earnings (drop cents) to get a weekly amount
- Total the weekly gross earned income to get a monthly amount
- Divide the monthly amount by 4.3 (drop the cents), and
- Multiply the result by 4 to get the gross monthly earned income amount

Week 1	\$ 30.34	=	\$ 30.00
Week 2	60.68	=	60.00
Week 3	91.02	=	91.00
Week 4	30.34	=	30.00
	<hr/>		
	\$211.00		Monthly earnings

$\$211.00 \div 4.3 = \$49.07 \text{ Weekly amount}$

$\$49.00 \times 4 = \$196.00 \text{ Gross monthly earned income}$

<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
CHAPTER IX: <b>FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
SECTION 13: <b>INCOME - EARNED</b>	

Case managers normally use a 4-week conversion factor. In some situations, using four weeks income would give a misleading monthly income figure. When circumstances are such that a greater time period would more accurately reflect the earnings picture, you may want to average the weekly income.

**Example 4** An assistance unit member works regularly, but not always the same number of hours. He was paid \$90 the first week, \$106 the second week, \$57 the third week due to a weather emergency that reduced his work hours, \$100 the fourth week \$102 the fifth week and \$95 the sixth week.

Week 1	\$ 90.00
Week 2	106.00
Week 3	57.00
Week 4	100.00
Week 5	102.00
Week 6	<u>95.00</u>
\$ 550.00 Total earnings (6 weeks)	

$\$550.00 \div 6 = \$91.67$  Weekly amount

$\$91.00 \times 4 = \$364.00$  Gross monthly earned income

**NOTE:** Averaging income can give an accurate earnings picture. However, you must do a follow-up after a reasonable time period to see if earnings projection is still accurate.

## **EARNED INCOME CALCULATION – INITIAL ELIGIBILITY TEST**

- A. Determine whether or not an applicant is eligible for TCA using the following test:
- B. Deduct 20% of the gross earned income, or 50% of the gross self-employed income (the cost to produce is included)

**Note:** The Initial 20% Test does not apply to self-employment income.

1. Subtract out of pocket child care expenses up to the maximum allowable amount of \$200 per child, if employment is full-time (100 hours or more

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL
CHAPTER IX: FINANCIAL ELIGIBILITY	COMAR 07.03.03.03
SECTION 13: INCOME - EARNED	

per month), or up to the maximum allowable amount of \$100 per child if employment is part-time (less than 100 hours per month)

2. Add any unearned income
  3. Deduct any child support or alimony paid to a person outside of the assistance unit
  4. Compare the result (net countable earnings) to the TCA grant amount for the family size
- C. If the net countable earnings are **less than** the TCA grant amount for the family size, the applicant has passed the initial 20% test and is **eligible** for TCA benefits, with allowable disregards
- D. If the net countable earnings are **greater than** the TCA grant amount for the family size, the applicant has failed the initial 20% test and is **ineligible** for TCA benefits.

#### EXAMPLES:

Example 1. Ms. Laurel applies for herself and two children. She has gross earnings of \$700 per month and pays \$200 per month for both children for child care expenses. She met all other eligibility factors.

- \$700 = Gross monthly earnings
- 140 = 20% disregard
- \$560
- 200 = Child care expenses
- \$360 = Net monthly countable earnings
- \$477 = TCA benefit amount for a family size 3

Ms. Laurel **passed** the 20% income test. Recalculate her grant allowing a 40% disregard of her gross monthly earnings

Example 2. Mr. Severn applied for himself, wife, and child. He has gross monthly earnings of \$800 per month and pays \$100 per month in child care expenses. He met all other eligibility factors.

- \$800 = Gross monthly earnings
- 160 = 20% disregard
- \$640

<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
CHAPTER IX: <b>FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
SECTION 13: <b>INCOME - EARNED</b>	

-100 = Child care expenses

\$540 = Net countable earnings

\$477 = TCA grant for a family size 3

Mr. Severn **failed** the 20% income test. Deny his request for TCA benefits.

### **INCOME CALCULATION – DISREGARDS – NET INCOME**

- A. A main goal of the Family Investment Program is to help gainfully employed customers overcome employment obstacles. As an incentive, special deductions are allowed for those who work
- B. Applicants with earnings who pass the 20% initial eligibility test and recipients who become employed are eligible to receive a 40% earned income disregard, in addition to other verified allowable deductions.
- C. Use this procedure to calculate the benefit amount with allowable disregards:
  1. Deduct 40% of the gross earned income or,
  2. 50% of the gross self employed income (the cost to produce is included)
  3. Deduct child care expenses paid by the customer - up to \$200 per month, per child, if customer's employment is full-time, or
  4. Deduct child care expenses paid by the customer - up to \$100 per month, per child, if employment is part-time
  5. Add total unearned income
  6. Deduct verified child support paid to a person outside the assistance unit
  7. Deduct verified alimony payments to a person outside the assistance unit.

### **EXAMPLES:**

Example 1. Ms. Salisbury receives TCA for herself and 2 children. She has gross earnings of \$800 per month and pays \$200 per month for the care of her children while she works.

- \$800 = Gross monthly earnings
- 320 = 40% Disregard
- \$480
- 200 = Child care expenses



<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
CHAPTER IX: <b>FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
SECTION 13: <b>INCOME - EARNED</b>	

\$280 = Net countable earnings

\$477 = TCA benefit amount for a family size 3

Subtract the net countable earnings from the maximum allowable TCA benefit for Mrs. Salisbury's assistant unit size to get the net grant amount. Ms. Salisbury continues to be eligible for TCA.

Example 2. Mr. Carrollton receives TCA for himself, wife, and 3 children. He started working and has \$1000 gross monthly earnings. There is no child care cost, but Mr. Carrollton must pay \$300 per month in court ordered support

\$1000 = Gross monthly earnings

-400 = 40% Disregard

\$ 600

-300 = Court ordered child support for child living outside the AU

\$ 300 = Net countable earnings

\$ 668 = TCA benefit amount for a family size 5

Subtract the net countable earnings from the maximum allowable TCA benefit for Mr. Carrollton's assistant unit size to get the net grant amount. Mr. Carrollton continues to be eligible for TCA

Example 3. Mrs. Smith applied for herself and son. She has gross earnings of \$700 per month, \$100 per month from an insurance settlement and pays \$200 per month for childcare expenses and \$125 court ordered child support. She met all other eligibility factors and passed the 20% initial needs test.

\$700 = Gross monthly earnings

-280 = 40% disregard

\$420

-200 = Child care expenses

\$220 = Net monthly countable earnings

+100 = Unearned income (insurance settlement)

\$320

-125 = Court ordered child support for child living outside the AU

<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
CHAPTER IX: <b>FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
SECTION 13: <b>INCOME - EARNED</b>	

\$195 = Net countable earnings

\$376 = TCA benefit amount for a family size 2

Mrs. Smith is eligible for TCA

The TCA grant amount is determined by subtracting the net countable earnings from the maximum TCA benefit amount for the family size. Using the information in example 3 above, the benefit is calculated as follows:

\$376 = TCA benefit amount for a family size of 2

-195 = Net countable earnings

\$181 = TCA benefit amount paid

CARES automatically calculates the TCA benefit amount based on the disregards and benefit levels that are programmed into the system. CARES also uses other information such as family size, earned income, unearned income and deductions and other data that you enter into the system to determine the benefit amount.

<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
CHAPTER IX: <b>FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
SECTION 13: <b>INCOME - EARNED</b>	

## **F I P S C H E D U L E**

### **Monthly Allowable Amounts Paid**

Effective: October 1, 2003

<b>A</b>	<b>B</b>	<b>C</b>
<b>Family Size</b>	<b>Allowable Payment</b>	<b>50 % Poverty Level</b>
1	\$ 213	\$ 375
2	376	505
3	477	636
4	577	767
5	668	898
6	735	1,029
7	827	1,160
8	910	1,290
9	982	1,421
10	1,058	1,552
11	1,137	1,683
12	1,213	1,814
13	1,288	1,945
14	1,362	2,076
15	1,441	2,207
16	\$1,534	\$2,338
Each Person More Than 16	Add \$ 79	Add \$ 131

"50% Poverty Level" reflects Federal Poverty Levels effective April 1, 2003

<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
CHAPTER IX: <b>FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
SECTION 13: <b>INCOME - EARNED</b>	

## S C H E D U L E - R

Effective: January 1, 2003

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Family Size</b>	<b>Allowable Payment</b>	<b>90 %</b>	<b>Available Recoupment</b>
1	\$ 213	\$ 192	\$ 21
2	376	339	37
3	477	430	47
4	577	520	57
5	668	602	66
6	735	662	73
7	827	745	82
8	910	819	91
9	982	884	98
10	1,058	953	105
11	1,137	1,024	113
12	1,213	1,092	121
13	1,288	1,160	128
14	1,362	1,226	136
15	1,441	1,297	144
16	\$1,534	\$1,381	\$ 153
Each Person More Than 16	Add \$ 79	Calculate 90% of Col. - B	Calculate 10% of Col. - B

**NOTE:** When a family receiving Food Stamps is also subject to recoupment, a "double" adjustment applies to the determination of income to be used in the Food Stamp computation.

<b>DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION</b>	<b>TEMPORARY CASH ASSISTANCE MANUAL</b>
<b>CHAPTER IX: FINANCIAL ELIGIBILITY</b>	<b>COMAR 07.03.03.03</b>
<b>SECTION 13: INCOME - EARNED</b>	

### **ADDITIONAL INFORMATION**

- Financial Eligibility – Deductions
- Financial Eligibility - Child Care Expenses
- Financial Eligibility - Self-employment